

## **Minutes of the Meeting of July 28, 2017**

**of the**

### **MASSACHUSETTS TEACHERS' RETIREMENT BOARD**

#### **I. Regular Matters of Business**

In attendance at this regular meeting of the Massachusetts Teachers' Retirement Board ("the Board") were Chairman Jeff Wulfson, Vice Chair Nicola Favorito, Jacqueline A. Gorrie, Richard L. Liston, Dennis J. Naughton, Joannah M. Quinn, Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, Assistant Executive Director Jon Osimo, General Counsel James Salvie, Associate General Counsel/Disability Case Manager Salvatore Coco and Executive Assistant Helen Petruzzello. Anne Wass was absent due to personal reasons.

The meeting was called to order at 9:00 a.m.

The minutes of the previous Board meeting, held on June 23, 2017, were reviewed and approved as submitted on a motion made by Mr. Liston and seconded by Ms. Gorrie. The motion carried 6-0.

**VOTED: The Open and Executive minutes of the Board meeting held on June 23, 2017, are hereby approved as submitted.**

#### **II. Executive Session**

A motion was made by Mr. Liston, and seconded by Mr. Naughton, to enter into executive session in order to review applications for disability retirement and potential suspension of disability benefit due to Section 91A Failure to File. On roll call, the vote was as follows:

<b>VOTED:</b> Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Joannah M. Quinn	Yes
Chairman Jeff Wulfson	Yes

At approximately 9:01 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At approximately 10:58 a.m. the Board reconvened in Open Session.

### **III. Open Session**

Ms. Glaster introduced representatives from the Massachusetts Teachers Association, Kathleen Nagle, Paralegal and Ashley Walter, Esq., Staff Counsel, who joined the meeting at this point.

#### **A. DISCUSSION OF THE PENSION FORFEITURE COMMISSION REPORT**

*This item was postponed from the June Board meeting due to time constraints.*

Mr. Salvie provided the Board with a summary of the “highlights” of the report of the Special Commission on Pension Forfeiture. The Board held a discussion on the recommendations, including some expected challenges with implementation if the Commission’s recommended legislation is passed. The Chairman encouraged Board staff to talk to the members of the Public Service Committee and offer the availability of the Board for input when they consider legislative amendments.

#### **B. MEMBER ENROLLMENTS AND RETIREMENTPLUS ELECTIONS**

Ms. Glaster provided the Board with background information, including the history of the enrollment and RetirementPlus (“R+”) election processes since 2001, sample materials and the implementation challenges the agency faces with the 180-day R+ election window available to members who transfer into the MTRS from other Massachusetts contributory retirement systems (“transfer-in members”). She discussed the response from members and their union representatives to a recent mailing providing appeal rights to approximately 2,200 transfer-in members who had not responded to their R+ election materials and missed their election deadline. She noted that the recent process was intended to identify those members who wanted to be in R+ within the group that had not responded to the election opportunity made available to them earlier.

Ms. Glaster notified the Board of plans for resolving member appeals and recommendations for statutory amendments and procedural changes to mitigate future confusion that were discussed at a collaborative meeting between MTRS staff and representatives from the Massachusetts Teachers Association (“MTA”). Ms. Glaster also reported plans to schedule a follow up meeting with the MTA and reach out to both the American Federation of Teachers-MA (“AFT-MA”) and the Boston Retirement Board whose teacher members would also be affected by the proposed changes. Ms. Walter noted that there are approximately 250 members that have filed appeals that are anxious for immediate relief and results and thanked the efforts of the MTRS staff for working with them on a resolution. Ms. Glaster noted that the Division of Administrative Law Appeals (“DALA”) will be forwarding the list of members who have filed appeals to the MTRS in order to review and audit each case. The Chairman thanked the MTA representatives for their contribution and extended an open invitation to them to always reach out to the Board in the future.

Ms. Walter and Ms. Nagle left the meeting at approximately 11:38 a.m.

#### **C. CHANGE ORDER #34.00, HOURS FOR MyTRS ENHANCEMENTS**

Susan Morgan, Chief Technology Officer, joined the meeting to ask for the Board’s approval to purchase an additional 3,000 enhancement hours for the MyTRS application. The amount is accounted for in the MTRS FY 2018 operating budget and will include changes to Member Self Service, data fixes and other enhancements identified by staff since the go live in August 2013.

On a motion made by Mr. Liston, and seconded by Mr. Naughton, the Board voted 6-0 to approve the Change Order.

Upon the Chairman’s questioning, Ms. Morgan provided a tentative timeline for the rollout of selected member self service functions in the application.

#### **D. ANNUAL REQUEST FOR WRITE-OFF OF ESTATE ACCOUNTS RECEIVABLE**

Pursuant to G.L. c. 32, § 20(5)(m) and the MTRS Retiree Death Overpayments Recover Policy, Ms. Glaster presented the recommendation for the write-off of

uncollectible estate accounts receivable that have remained unpaid for at least three years. On a motion made by Mr. Favorito, and seconded by Mr. Liston, the Board voted 6-0 to approve the write-off in the amount of \$55,074.44 for estate accounts receivable for the fiscal year period ending June 30, 2014.

## **E. EXECUTIVE DIRECTOR'S REPORT**

1. Ms. Glaster reviewed the inclusion of multiple PERAC Memoranda in the board materials including #23/2017 addressing the retroactive billing of 3(8)(c) payments. Ms. Glaster explained that there is now a dedicated benefit finalization unit that has been working on a backlog of cases requiring 3(8)(c) billings, many of which go back several years, and that the local retirement systems have expressed frustration regarding the retroactive amounts due. Upon the Board's questioning as to the expected completion of the backlog, Mr. Neilon responded that the hope is to have the backlog finished within this calendar year.  
Ms. Glaster also addressed PERAC Memorandum #22/2017 notifying all boards that as of September 5<sup>th</sup> paper forms will no longer be accepted for approved disability transmittals, and provided the agency's plan for board members to register their votes in PROSPER.  
She also noted PERAC Memorandum #21/2017 offering continuing education opportunities for board members including PERAC's Emerging Issues Forum at Holy Cross in September. Ms. Glaster asked board members to notify Ms. Petruzzello of their intention to attend the PERAC Forum as well as the NCTR Annual Conference in Tucson, AZ in October.
2. Ms. Glaster distributed PERAC Memorandum #25/2017 regarding the repeal of c. 32 §90G(3/4), which made contributions to the retirement systems optional for members age 70 and over, and noted the agency's longstanding practice of not implementing this election based age discrimination concerns and tax attorneys' advice.
3. Ms. Glaster stated that a draft of the closing agreement for the resolution of the Exclusive Benefit Rule ("EBR") issues, delayed due to unexpected surgery for ANF's counsel, is imminent. Once the draft is finalized, ANF is expected to request a meeting with the IRS.
4. Ms. Glaster informed the Board that, in keeping with standard practice, the agency has pulled 361 July pension checks for benefit recipients who have not yet returned their Benefit Verification Forms, but taxes will

continue to be withheld and insurance payments will continue to be paid to avoid any lapse in coverage.

5. Ms. Glaster reported that in a meeting with herself, Mr. Neilon and Mr. Osimo earlier in the month with PERAC's Actuary, Jim Lamenzo, and his colleagues to discuss the MTRS 2017 Valuation, Mr. Lamenzo shared that a review of our mortality experience showed that MTRS retirees are living even longer than he had expected. As a result, he plans to update our mortality assumption to the "white collar" table, which will increase our liabilities by approximately 2.8%. He said our most recent mortality data might support an even longer life expectancy, but he plans to wait another 2-3 years to make sure it is not an anomaly. The staff provided Mr. Lamenzo with approximately 15 years of retiree death data for further review.

Ms. Glaster stated that in the same meeting, staff asked Mr. Lamenzo and his team to add charts to the valuation report to illustrate the changes in system assets and liabilities, to insert text in the funded ratio graph to show the impact of various assumption changes made in the last decade and to amend the plan provision section of the valuation to be specific to the MTRS. The MTRS 2017 Valuation is expected to be finalized by the end of August. Ms. Glaster reported that Mr. Lamenzo has accepted the invitation to present the valuation report at the Annual System Review and Constituents Forum on September 29<sup>th</sup>.

6. Concerning the Constituents Forum, Ms. Glaster announced that "Save the Date" invitations have been sent out to constituents and presenters. On the Board's suggestion, Ms. Glaster will also send out an invitation to the new Secretary of Administration and Finance, Michael Heffernan.

#### **D. EXECUTIVE DIRECTOR'S EVALUATION**

Chairman Wulfson distributed the summary of the annual performance reviews of the Executive Director completed by the Board members.

The Chairman noted the evaluations reiterated the consensus that the Board made "the right decision" in their selection of Ms. Glaster as Executive Director. The Board members echoed their comments from the evaluations, noting Ms. Glaster's leadership during the main office relocation with minimal disruptions in service to the membership.

Chairman Wulfson asked whether a review of the Executive Director's compensation was warranted. Noting the salary reserve of 3% approved at the May board meeting, the Board held a discussion and voted 5-1 to approve a motion made by Mr. Naughton, and seconded by Mr. Liston, to offer a 2.0% increase in compensation to Ms. Glaster. Ms. Quinn voted against the motion, wanting to stay consistent with the 1.5% increase afforded to Commonwealth of Massachusetts executive branch managers.

On a motion made by Mr. Liston and seconded by Ms. Quinn, the Board voted unanimously to adjourn the meeting at approximately 12:32 p.m.

Respectfully submitted,

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Erika M. Glaster,  
Executive Director

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Date

### **Documents used in MTRS Board meeting of July 28, 2017**

- Agenda for July 28, 2017 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of June 23, 2017 MTRS Board meeting
- Memorandum pertaining to Potential Suspension of Disability Benefit due to Section 91A Failure to File
- Memorandum and supporting documents pertaining to Pension Forfeiture Commission Report
- Memorandum and supporting documents pertaining to Member enrollments and RetirementPlus elections
- Memorandum pertaining to Change Order #34.00, Hours for MyTRS Enhancements
- Memorandum pertaining to Annual Request for Write-off of Estate Accounts Receivable